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October 1992

Railway Age

...for the new age of railways and rail transit

**The railways of Mexico,
the U.S. and Canada:
Partners for growth**

For LIRR, some signal accomplishments

The puzzling politics of high speed rail

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THE RAILWAYS OF MEXICO, THE U.S., AND CANADA

- 61** **Arthur J. McGinnis, Jr.:** "Partners for growth."
- 62** **FRA's Gil Carmichael:** "We are focusing on how governments can make crossing the border as painless as possible."
- 68** **FNM's Jorge Tamayo:** "The Free Trade Agreement represents both a great opportunity and challenge to our railways."
- 74B** **SP's Mike Mohan:** "Our partnership with the FNM is already resulting in the joint development of innovative distribution programs."
- 78** **BN's Gerald Grinstein:** "The lower costs available in Mexico will position that country as a principal manufacturing and production center of North America."
- 82** **UP's Dick Davidson:** "It's no wonder that Mexico stands at the top of Union Pacific's best growth markets."
- 84** **Santa Fe's Robert Krebs:** "Santa Fe recognizes the need for a seamless transportation structure to accommodate future growth."
- 86** **NAFTA's benefits for CN, CP:** Both of Canada's railways are well-positioned to make the Trade Agreement work to their advantage.

38 Muni moves to moving block

To increase tunnel capacity, San Francisco Municipal Railway has ordered a \$52.7 million Alcatel moving block system. The alternative: \$1 billion to add two tunnel tracks.

41 Long Island Rail Road: Customer-focused

Ongoing capital programs that affect every area of the railroad are helping LIRR meet its goals for customer satisfaction and ontime performance.

51 The puzzling politics of high speed rail

How long will Washington waffle while other countries develop and build high speed rail systems? The author of *SUPERTRAINS* takes a look at this perplexing issue.

Departments

- 6 Industry Outlook
- 8 Market Outlook
- 92 100 Years Ago
- 93 People in the News
- 95 New Products
- 99 Meetings
- 98 Advertising Sales
- 100 Advertisers Index
- 102 Classified
- 107 Professional Directory

Comment

- 4 Inside
- 9 Lines on Labor
- 12 Financially Speaking
- 17 Watching Washington
- 108 In Transit

Rail Update

- 18 BN realigns top operating staff
- 18 Santa Fe buys Digital system
- 19 Sunac, Transmex offer Mexican package
- 19 RSA show: The biggest and best
- 20 KCS makes major expansion move
- 20 APL, InterFresh offer refrigerated stack trains
- 24 New intermodal terminals for San Diego area
- 26 "K" Line expands U.S.-Canada-Mexico service
- 26 TMB seeks to buy National Steel Car
- 26 Voters will decide on triple-trailers
- 30 Pickett new president of Signalmen
- 30 NS intermodal: "Something different"
- 31 Griffin implements emission-free process
- 31 ICC eases rule on contract filings
- 32 Safety demonstration held for FNM
- 32 SP, PG&E sign easement agreement

Transit Update

- 34 Tri-Rail helps hurricane victims
- 34A Yonkers plant produces first Taipei cars
- 34A Detroit-Chicago high speed corridor?
- 34A Amtrak wins locomotive styling award
- 34A CTA says "sealed bid" process still works
- 34D MK signs up with aerospace firms
- 34D LACTC identifies potential rail suppliers
- 36 FTA liberalizes equipment policy

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Market Outlook

Equipment

Mexico City Metro: Awarded a \$130 million contract for 135 subway cars to Construcciones y Auxiliar de Ferrocarriles (CAF), Spain. A losing contender for the order was Concaril, the carbuilding plant at Ciudad Sahagun near Mexico City, which Bombardier of Canada purchased earlier this year.

J. B. Hunt: Will invest an estimated \$200 million in 10,500 new containers and 13,000 chassis. The first major trucker to enter into intermodal partnerships with railroads, J.B. Hunt now has working agreements with half a dozen rail carriers.

Facilities

Conrail: Placed an order with Video Masters, Inc. (VMI), a systems integrator and distributor for Amtech, for 56 AEI (automatic equipment identification) reader sites. VMI is supplying the RAILNET "APU-102" for this contract for both single- and double-track installations, making a total of 135 of these systems sold thus far.

Southern Pacific Lines: Placed an order with Digital Concepts for Digital Traffic Control for Denver & Rio Grande lines. Approximately 900 miles of etc and 320 miles of direct traffic control will be operated from Denver.

Amtrak: Is installing Irfen Steel Palisade High Security Fencing and Gates along its lines in the New York City area to separate Amtrak track from adjacent public parks. Irfen Palisade has also been installed in recent years by the New York City Transit Authority, the Long Island Rail Road, and the Massachusetts Bay Transit Authority. Irfen offers several different fence and ornamental iron railing systems, among them the triad head system, employed by Amtrak, comprising sharpened edges and points on the top of each picket.

Buckeye Steel Castings: Placed a \$3 million order with MTS Systems Corp. of Eden Prairie, Minn., for a testing system including servohydraulic actuators, electronic controllers, and software to control the testing process and analyze test results. The equipment is designed to help Buckeye improve the service life of its products while engineering components that are lighter weight and better performing.

Toronto Transit Commission: Awarded a \$1.9 million contract to the joint venture of ICF Kaiser Engineers and PBK Engineering Ltd. to provide engineering and architectural services for the extension of the Spadina subway line.

National Railways of Zimbabwe: Awarded a three-year, \$8 million contract (financed by the World Bank) to Canac International "to help transform the NZB into a customer-oriented transportation and distribution business, serving Zimbabwe and the Southern African region." The project will involve a team of 16 experts working in Zimbabwe. It will focus on management development, modern business processes, and the application of appropriate railway technology.

New Zealand Treasury: Awarded a contract to A. T. Kearney to assist in privatizing the New Zealand Railway system. In

Revenue Freight Carloadings

Commodity	Sept. 12 week	Sept. 5 week	Aug. 29 week	Aug. 22 week
Grain	23,807	27,702	26,749	27,496
Other farm products	1,321	1,629	1,192	1,014
Metallic Ores	17,328	19,718	19,732	19,358
Coal	117,567	127,227	130,732	132,665
Crushed stone, sand and gravel	13,854	17,097	15,198	15,651
Nonmetallic minerals	8,067	8,825	8,875	8,438
Grain mill products	9,526	10,598	10,214	10,170
Food and kindred products	7,869	8,958	9,093	9,298
Primary forest products	7,849	9,247	9,076	9,190
Lumber and wood products	4,791	5,897	6,000	5,847
Pulp, paper and allied products	10,330	11,103	10,448	9,816
Chemicals	27,070	29,603	27,940	29,124
Petroleum products	5,301	5,903	5,757	6,032
Stone, clay and glass products	8,818	10,550	9,881	9,903
Coke	5,108	5,280	5,521	5,508
Metals and products	8,622	9,422	9,672	9,300
Motor vehicles and equipment	14,820	17,293	17,647	16,502
Waste and scrap materials	7,485	8,772	8,538	8,889
All other carloads	5,771	8,058	7,906	7,030
Total cars loaded	305,399	342,882	339,811	341,231
% change from previous year	-12.2	12.3	-2.6	0.4

Cumulative total: 37 weeks	11,921,965	%change		1.2
Estimated revenue ton-miles	19.4	21.8	21.6	21.6
% change from previous year	-10.6	14.7	-0.5	1.9

Total:	1992	1991	%change	
	749.7	728.7	2.9	

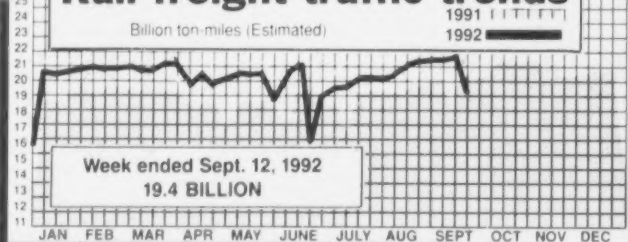
Intermodal Traffic

	Sept. 12	Sept. 5	Aug. 29	Aug. 22
Trailers	58,830	73,835	67,488	67,045
Containers	57,955	69,328	69,623	68,155
Total	116,785	143,163	137,111	135,200
%change from previous year	-10.7	29.2	4.6	6.6

Cumulative total: 37 weeks	4,630,478	%change		7.3
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Source: Association of American Railroads

Rail freight traffic trends



Source: Association of American Railroads

the first, evaluation phase, Kearney is working with CS First Boston NZ Limited.

Tie Collar, Ltd.: Received a \$120,000 contract from the Iowa DOT to build a grade crossing in Pella, Iowa, on track owned by the Iowa Interstate. Tie Collar also has a contract from the Illinois DOT for rehabilitation of a Belt Railway of Chicago crossing in southwest Chicago.

Lines on Labor

If management and labor chiefs got together. . .

It's a given. You don't fight with the guy who owns the printing press, who buys his ink by the tank car load. But don't tell that to the Brotherhood of Locomotive Engineers. The



Gus Welty

BLE is asking the AFL-CIO to declare a boycott against USA Today because of the newspaper's handling of the 1992 strike-lockout story.

In a letter to AFL-CIO President Lane Kirkland, BLE President Ron McLaughlin called for this action, charging that in the coverage by the second-largest daily-circulation newspaper in the country, "The victims were portrayed as the villains."

The BLE, McLaughlin wrote, "went the full nine yards to wire, phone, fax and educate the USA Today reporters who were covering the event—before, during and after. The reporters indicated in every instance that they understood the difference between a national lockout and the single, limited strike by the International Association of Machinists."

The reporters, McLaughlin wrote, "knew that the BLE and other unions weren't simply spinning a semantic fantasy."

But, BLE's president told Kirkland, the newspaper reported "that strikers were why commuters and Amtrak passengers were being stranded and valuable crops were rotting in the fields. Our public relations department immediately confronted one of the reporters, who admitted that although the important fact was understood—that the national rail service shutdown was created by a lockout—by the time reporters' stories were published, the reporter said, 'Someone else puts their fingerprints on them.'"

Ron McLaughlin then quoted from an editorial which he said "confirmed

the suspicion that the newspaper's goal was to report the situation falsely to its readers." He called upon Kirkland to institute a boycott until USA Today "publishes an apology to our nation's unionized railroad employees."

USA Today reprinted part of McLaughlin's letter to Kirkland, though not the parts that seemed to raise questions about the newspaper's integrity.

OK, let's look for a moment at integrity. If you've been in the reporting/writing business for a while, you know that if the boss has certain viewpoints, they may be reflected in the way things are reported. It shouldn't happen, but it does.

This column, "Lines on Labor," has appeared for more than 20 years in *Railway Age*. It has been critical, at times, of rail labor. It has also been critical, at times, of rail management. We get cards and letters, some critical, but more saying "Right on" in what has been a continuing effort to promote positive joint efforts involving rail management and rail labor.

When you're older than dirt and you've been through a few editors and publishers and not a one of them has said "Hey," maybe what you're writing smells right. Labor costs, despite all the employment reductions and writeoffs and so forth, still account for upwards of 40% of total railroad operating expenses. And there's nowhere but in *Railway Age* to get the feel of what's happening—forget smell, make it feel.

There are a lot of new leaders in rail labor today. Not all of them are well-known, even to the management people who have to deal with them. One new union leader in particular is looked at with trepidation, the new guy heading the Transportation Communications Union. But there is at least one chief

executive officer out there who has found Bob Scardelletti reasonable to deal with, one-on-one, and the problem this CEO has is not with the union.

And ain't it so often the truth? If you have the need to plunge ahead, sometimes you find that the perceived enemy can be a friend—and your perceived friends turn out to be perhaps something else. What was it that the late Walt Kelly had Pogo saying? "We have met the enemy, and it is us."

With several years to go until the next round of negotiations, perhaps it's time to go back to something which Burlington Northern's Lou Menk promoted 20 years or so ago—meetings among chief executives of railroads and unions, not to negotiate but rather to study and discuss mutual problems. Of course, negotiators on both sides opposed those meetings, figuring that only they had the smarts to outwit the guys on the other side of the table, and that the CEO-types would give away the store.

Bullbleep. If the railroads hadn't gone full-bore into crew-consist reduction, and if the United Transportation Union had not then issued its own declaration of war, meetings might still be going on.

Today, railroads have obtained much of what they wanted, going back 20, 30, and even more years ago, in terms of reducing employment and making operations more efficient. It's hard to say what the carriers will want, in the 1995 round of bargaining. It's not hard to say what the organizations will want, with job stabilization perhaps demanding the way even ahead of demands on economic issues.

No surprise there. This is an industry in which employment has gone down almost faster than the eye can

Continued on page 98

CLASS I RAILROAD EMPLOYMENT

	July 1992	% of change from:	
		July 1991	June 1992
Executives, officials, and staff assistants	11,426	5.17	1.66
Professional and administrative	30,712	-5.95	-0.03
Maintenance of way and structures	45,285	-1.06	0.83
Maintenance of equipment and stores	39,303	-1.19	-0.73
Transportation (other than train and engine)	11,021	-6.50	-1.09
Transportation (train and engine)	61,949	-8.88	-0.20
Total-All Employees	199,696	-4.38	0.01

Source: Interstate Commerce Commission-Office of Economics

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Lines on Labor

Continued from page 9

follow. It's also an industry on the rebound, one in which employment could also rebound.

There are the old problems, of course—12 separate unions in an industry with declining employment—and all of the dumb rivalries that this creates.

But you don't call it "dumb" when you're talking about a union leader's job. He may see his members drop by the wayside, but so long as he has his job...

OK, that's cynical. But isn't it realistic?

Here is an industry, still fighting for its life, and having to deal with its employees on irrational bases, based mostly on the understandable desires of union leaders to keep their jobs. One problem, of course, is that the leaders were elected to represent the members, not to enjoy some sinecure.

We've come a long way from talking about the BLE's asking the AFL-CIO to declare a boycott against USA Today.

But maybe not really.

What we're talking about is honesty, integrity, people leveling with people.

OK, it's just a thought. But what might happen if rail management and rail labor chief executives got together again, in the interim before bargaining has to begin again—not to discuss bargaining issues, but to discuss the things Lou Menk had in mind, issues that transcend labor-management bargaining and have to do with the industry's future, for employers and employees alike?

Unfortunately, there are still a few Neanderthals in the labor-relations business. But there aren't many, and their time will be going. Labor's new leaders are worth a shot at going after.

There's time, now, to get a new dialog going. But it's rail management's job to get that dialog to happen. It's rail management's job to get morale to happen again—in an industry that, years ago, didn't have to worry about "morale."

A friend, a conductor, is a third-generation railroader. Railroading is what he wants to do. But he doesn't know that his employer wants him to do it. With each new agreement, he says, his lot in life gets a little worse.

He's happy with neither his union nor his employer.

That's a sad situation, but it's not unique. Any ideas for improvement?

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